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STATE OF IOWA

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TO: CPA Firms  
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RE: Valuing Transfer of Jurisdiction Roads

Following is updated information on the net book value of the Transfer of Jurisdiction (TJ) roads received from the Iowa Department of Transportation (IDOT) and the right of way (ROW) associated with those roads. Although the information focuses on TJ roads transferred to counties, the information is also applicable to cities receiving TJ roads.

If you have any questions, please contact our office at 515-281-5834.

**BACKGROUND:**

In previous correspondence to counties, Steve De Vries with the ICEA Service Bureau provided guidance for valuing TJ roads since fair market value could be difficult for some counties to determine. It was suggested that these roads be valued at 1) IDOT's net book value or 2) fair market value if the county has a reasonable method to determine this value. The net book value as determined by the IDOT and provided to counties in May 2004 was \$360,198 per mile.

Since this initial information, our office has completed our testing of the IDOT's TJ roads. Following is a memo prepared by our office that discusses the audited net book value of these roads, as well as the ROW transferred with the roads. Keep in mind that a county or city may choose to value their TJ roads using a fair market value determined by that county or city, rather than the IDOT's net book value.

**FOLLOW-UP MEMO:**

Value of Transfer of Jurisdiction Roads:

AOS has finalized the testing of the transfer of jurisdiction (TJ) roads. With the exception of a few counties who had improvements made to the TJ roads prior to their transfer, **the net book value of TJ roads is zero.**

The following counties had **improvements** made to the TJ roads prior to transfer, those costs should be capitalized as follows:

Improvements made to TJ roads prior to 7/1/03:

Bremer Co.	\$325,549
Floyd Co.	703,383
Mitchell Co.	211,490
Polk Co.	157,204
Chickasaw Co.	971,253

Improvements made to TJ roads 7/1/03 to 6/30/04:

Bremer Co.	\$183,400
Grundy Co.	292,634
Henry Co.	191,365
Marion Co.	119,513
Polk Co.	728,661

Remember to look to the year of implementation of **GASB 34**. If your county is implementing for the first time in FY 2004 and they are not retroactively reporting infrastructure, then the improvements noted above for prior to 7/1/03 would NOT be capitalized, only improvements made in FY 2004 would be capitalized as infrastructure (prospective reporting).

Value of Right of Way:

In addition, DOT has also transferred ROW related to the TJ roads. The following are the costs per mile for ROW transferred:

TJ roads transferred:

Prior to 7/1/03	ROW = \$36,605 per mile transferred
After 7/1/03 (FY 2004)	ROW = \$39,109 per mile transferred

Remember that ROW is land and should not be depreciated. Because ROW is land and not infrastructure, if the capitalization threshold for land is exceeded (after the above calculation: ROW miles X cost per mile), then the ROW for TJ roads should be capitalized regardless of the year of implementation of GASB 34.